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EXTRAORDINARY

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MINISTRY OF COMMERCE AND INDUSTRY

RESOLUTION

New Delhi, the 19th November 1955

No. 30/23/55-IP(B).—The Government of India by its Notifications S.R.O. Nos. 240 to 247, 279 and 280, dated the 25th January, 1955, applied the relevant Sections of the Forward Contracts (Regulation) Act, 1952 to various oilseeds and oils in accordance with the special circumstances of each commodity. The result of these notifications was that, while the position which obtained under the Essential Supplies (Temporary Powers) Act, 1946, was continued unchanged for the time being, the Forward Markets Commission was enabled to study each commodity and submit proposals with a view to regulating forward trading therein.

2. The Forward Markets Commission has now completed the study and submitted reports on the establishment of forward markets in Groundnut and Groundnut Oil, Castorseed and Castor Oil, Linseed and Linseed Oil and Cottonseed at various centres in India.

3. The Commission has recommended as follows:—

- (i) Section 15 of the Act be applied to Groundnut and Groundnut Oil, Linseed, Cottonseed and Castorseed in the whole of India, replacing Section 17 of the Act where it is applied at present.
- (ii) Section 17 of the Act may continue to be in force in respect of Castor Oil and Linseed Oil for the present, since there is no immediate need for starting futures trading in these oils.
- (iii) Section 18(3) of the Act which is at present applied to Castorseed and Cottonseed in the limits of Greater Bombay should now be withdrawn.
- (iv) When forward trading is permitted in a variety of oilseeds and oils at the same centre, it should, as far as possible, be conducted through a single association recognized in respect of all of them.
- (v) The recognition granted to the Bombay Oilseeds Exchange, Ltd., Bombay, under the Bombay Forward Contracts Control Act, 1947 in respect of all oilseeds and saved under Section 29 of the Forward Contracts (Regulation) Act, 1952 should be continued under Section 6 of the Act. This recognition should be on a permanent basis in respect of Castorseed, and for a period of three years in respect of Groundnut, Linseed and Cottonseed. It should also be granted recognition in respect of Groundnut Oil on certain conditions.
- (vi) An association to be newly constituted at Rajkot should be recognized in respect of Groundnut and Groundnut Oil for a period of three years as soon as an application is received from it. In view of the special circumstances of Saurashtra region, this association should function initially through three rings for Groundnut established at

Jamnagar, Veraval and Dhoraj], and two rings for Groundnut Oil established at Rajkot and Bhavnagar. The desirability of continuing these rings should be re-examined at the end of one year in the light of the data that would then become available.

- (vii) Futures markets should also be established at Madras and Adoni for Groundnut and Groundnut Oil; at Sangli and Latur for Groundnut; at Delhi for Groundnut Oil; at Hyderabad and Ahmedabad for Castorseed; at Calcutta for Linseed; at Amritsar, Bhatinda, Ujjain, Nanded and Ahmedabad for Cottonseed; and at a suitable centre in Mehsana District of Bombay State for Castorseed.
- (viii) The hedging facilities provided by the Bombay Oilseeds Exchange, Ltd., should cover all varieties of Castorseed, Groundnut and Cottonseed and the Bold variety of Linseed. The other associations should provide facilities only for the locally grown varieties of the oilseeds concerned.
- (ix) The grant of recognition to all the associations should be conditional on their previously carrying out such modifications in their Articles of Association, trading by-laws and working procedures as may be suggested to them by the Commission.

4. The Government of India accept the foregoing recommendations made by the Commission with the modification that only some of the regulated markets mentioned in 2 (vii) above need be established for the time being, the case for the rest being considered later in the light of actual experience. They have decided accordingly that markets for forward trading in the commodities mentioned below should be organized at the centres and regulated through the associations mentioned against each.

Name of centre	Name of Association	Commodity
Madras	The Madras Oil & Seeds Exchange, Ltd.	Groundnut & Groundnut Oil.
Adoni	The Adoni Groundnut Seeds & Oil Merchants' Association Ltd.	Groundnut & Groundnut Oil.
Delhi	The Om Exchange, Ltd.	Groundnut Oil.
Hyderabad	The Hyderabad Oil & Seeds Exchange, Ltd.	Castorseed.
Ahmedabad	The Ahmedabad Seed Merchants' Association.	Castorseed & Cottonseed.
Calcutta	The Calcutta Wheat & Seeds Association Ltd.	Linseed.
Rajkot	The Association, which is shortly being constituted at Rajkot by the different applicant associations from Saurashtra.	Groundnut & Groundnut Oil.
Bombay	The Bombay Oil seeds Exchange, Ltd.	Groundnut & Groundnut Oil, Castorseed, Cottonseed and Linseed.

H. V. R. IENGAR, Secy.